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C O N F I D E N T I A L SECTION 01 OF 02 TASHKENT 000699

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SUBJECT: KARIMOV IN KOREA: FOREIGN INVESTMENT GOOD, BUT
WESTERN-STYLE DEMOCRACY VIOLATES OUR MORAL PURITY

REF: TASHKENT 633

Classified By: CLASSIFIED BY AMB. JON R. PURNELL FOR REASONS 1.4 (B, D)

11. (C) Summary: According to the Korean Ambassador to Uzbekistan, Moon Hayong, the GOK has chosen to engage Uzbekistan instead of isolating it. Despite concerns over lack of progress in human rights, the GOK is interested in Uzbekistan's energy sector, UzDaewoo plant and the sizeable resident ethnic Korean population. During Karimov's trip to Korea, Hayong said the two countries signed the Declaration on Strategic Partnership, in addition to deals to explore and develop oil, gas, uranium and other mineral resources (reftel). Karimov reportedly told the Korean President that Western-style democracy violated the "moral purity" of Uzbeks. End summary.

INVESTMENT OPPORTUNITIES FOR FRIENDS ONLY

12. (C) During his March 28-30, 2006 visit, President Islam Karimov reportedly told Korean President Myu-Hyun that of the 11 Uzbek oil/gas investment projects offered for investment in 2006, seven were given to Russian Gazprom and four to Korea. Korean Ambassador Moon Hayong told the Ambassador that Karimov said the uranium industry has been closed to foreigners, but Korea would be given the opportunity to invest (reftel). Additionally, Uzbekistan is looking for international copper/zinc investors in Andijon, where it plans to sell 20-50 percent of the joint-venture company currently held with British-owned Oxus. (Note: Oxus is currently under pressure from the GOU to change tax and administrative benefits originally promised by the government when the company first invested. End note.) Hayong said last year Korea established a joint-venture gold mining company with the GOU, but the GOU recently put a three-month freeze on the project.

13. (C) Hayong confirmed that Karimov met with Hyundai representatives in Seoul, but said talks are currently frozen as Hyundai deals with a scandal in Korea. (Note: According to Hayong, one of Hyundai's top bosses is in the middle of a corruption scandal and fled to the U.S., leaving Hyundai in turmoil. End note.) He said 16,000 employees (4,000 of whom are skilled engineers) of the UzDaewoo factory in Andijon "speak" Korean and use Korean manuals. For this reason, Hyundai is very interested in UzDaewoo and Hayong believes talks will resume. (Note: These numbers seem a little high to us. A former UzDaewoo senior executive estimates the UzDaewoo workforce in Andijon does not exceed 2,500 and, of

those, approximately 300 speak Korean. End Note.)

UZBEK DEMOCRACY IS SPECIAL

14. (C) In Hayong's opinion, Uzbekistan feels isolated by the West and is taking advantage of the ethnic ties with Korea in order to associate itself with a modern democracy and obtain economic and political advantages. Hayong said the GOK does not want to force anything upon Uzbekistan, but instead wants, what he termed, "voluntary" human rights and democratic reforms. The Koreans specifically wrote this into the Declaration on Strategic Partnership, a non-legally binding document signed by the two presidents: "The Sides (will) make joint efforts to enhance democracy and human rights in both countries and their regions in accordance with international norms, including the UN Charter." (Note: This Strategic Partnership is remarkably similar to the one the U.S. signed with Uzbekistan in 2002. End note.) In response to Myu-Hyun's remarks on democracy, Karimov replied that the Western style of democracy is not appropriate for Uzbekistan's 85 percent Muslim population. Instead, according to Ambassador Hayong, Karimov said, the GOU can only implement a form of democracy specific to its culture that it finds moral. For example, Karimov stated that homosexuality is "disgusting" to Uzbeks, and therefore U.S.-style democracy violates the "moral purity" of Uzbek culture, presumably because it allows for or fosters the practice of homosexuality.

KARIMOV: WE HAVE A GOOD RELATIONSHIP WITH THE U.S., REALLY

TASHKENT 00000699 002 OF 002

15. (C) In Hayong's words, Karimov told Myu-Hyun that the poor U.S.-Uzbek political relationship is "just a rumor" that he, Karimov, does not believe. Karimov said the Uzbeks are "realists" and understand international politics. In the same breath, Karimov said he wants good relations with the U.S. and if the U.S. wants to say anything to Uzbekistan, it can use Korea as a middleman.

HONORARY SEOUL BROTHER...

16. (C) During the visit, Seoul Mayor Lee presented Karimov with "honorary citizenship." According to Ambassador Hayong, Lee is a front-runner in the upcoming Korean presidential election and, to Hayong's surprise, Karimov spent a great deal of time with him. Hayong sees Karimov looking towards the future and keeping close ties with Korea.

17. (C) Hayong went on to note that the two presidents also spoke about future parliamentary cooperation and health care assistance. The Speaker of the Korean Parliament gave a lecture to the Uzbek delegation, and Karimov was so impressed, that he intends to send a parliamentary delegation to Korea in the next few months. In addition to USD 30 million in educational assistance (including "soft loans," computers and Korean-language materials) pledged by the Koreans, Hayong said Karimov also asked for USD 10 million for hospital equipment for heart surgery. The Koreans are still considering this request.

18. (C) Comment: Karimov's visit to Korea provided a key opportunity for the Uzbeks to show that the country is not isolating itself. It also allowed the government to generate the positive press Karimov so desperately seeks in light of the negative stories appearing in U.S. and European media. Karimov's comments on democracy are interesting, as they may indicate a policy shift. In the past, Karimov said that Uzbekistan embraced democracy but would proceed at its own pace. His comments about the alleged immorality of Western democracy could indicate that the GOU is ready to dispel the myth that it is even interested in democracy. Despite

Karimov's statements, however, a clause on the development of democracy remains in the Declaration on Strategic Partnership at the behest of the Koreans.

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